

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 796 – SB 991

April 1, 2019

SUMMARY OF BILL: Increases, from \$100 to \$200 for an initial licensure, and from \$50 to \$100 for a licensure renewal, the fee amount a person or entity seeking initial licensure or renewing a license as a pharmacy benefits manager (PBM) must pay to the Department of Commerce and Insurance (DCI).

ESTIMATED FISCAL IMPACT:

Increase State Revenue –

\$1,000/FY19-20/Department of Commerce and Insurance

\$3,500/FY20-21/Department of Commerce and Insurance

Exceeds \$1,500/FY21-22 and Every Two Years Thereafter

/Department of Commerce and Insurance

Exceeds \$4,000/FY22-23 and Every Two Years Thereafter

/Department of Commerce and Insurance

Assumptions:

- The proposed legislation increases initial licensure fees by \$100 (\$200 new fee - \$100 current fee) and renewal licensure fees by \$50 (\$100 new fee - \$50 current fee).
- Pursuant to Tenn. Code Ann. § 56-7-3113(e)(2), all license fees are to be used by the DCI for purposes of administering the licensure program.
- Based on information provided by the DCI, there are approximately 50 PBMs licensed in the state at this time. Licenses are valid for a period of two years.
- It is estimated that 10 new PBMs apply for their initial license each year.
- The recurring increase in state revenue to the DCI is estimated to be \$1,000 (\$100 increase x 10 new licensures) beginning in FY19-20.
- The increase in state revenue to the DCI is estimated to be \$3,500 [(50 current licensures x \$50 increase in biennial renewal fee) + (10 new licensures x \$100 increase in initial fee)] in FY20-21.
- The increase in state revenue to the DCI is estimated to exceed \$1,500 [(10 new licensures x \$100 increase) + (10 renewals x \$50 increase)] in FY21-22 and every two years thereafter.
- The increase in state revenue to the DCI is estimated to exceed \$4,000 [(10 new licensures x \$100 increase) + (60 renewals x \$50 increase)] in FY22-23 and every two years thereafter.

IMPACT TO COMMERCE:

Increase Business Expenditures –

\$1,000/FY19-20

\$3,500/FY20-21

Exceeds \$1,500/FY21-22 and Every Two Years Thereafter

Exceeds \$4,000/FY22-23 and Every Two Years Thereafter

Assumptions:

- PBMs will see an increase in business expenditures each year as a result of the increase in licensure fees.
- Increasing the PBM licensure fees will not have a significant impact on jobs in Tennessee.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/vlh